A

Low Chi Yong (t/a Reynox Fertichem Industries) v Low Chi Hong & Anor

B

FEDERAL COURT (PUTRAJAYA) — CIVIL APPEAL NO 02(f)-16–03 OF 2017 (K)
ZULKEFLI PCA, SURIYADI, HASAN LAH, ZAINUN ALI AND AZIAH ALI FCJJ
C 6 OCTOBER 2017

Trade Marks — Infringement of — Validity of registered trademark — Whether registered proprietor owned valid trademark — Whether registered proprietor had exclusive rights over trademark — Whether there was infringement — Whether registered proprietor abandoned exclusive right to trademark in perpetuity — Whether registered proprietor guilty of estoppel, acquiescence or laches — Trade Marks Act 1976

D

E The appellant filed a claim at the High Court against the defendants for infringement and passing off of his trademark for a liquid fertiliser ('the trademark'). According to the respondents, the trademark was to be registered under the names of the appellant and the first respondent initially and was later to be transferred to the second respondent. A partnership was also formed by
F the appellant and the first respondent, which also used the trademark. The High Court allowed the appellant's claim and dismissed the respondents' counterclaim. The respondents appealed to the Court of Appeal and the appeal was allowed. However, the decision of the High Court was set aside by the Court of Appeal. Hence the present appeal. The issues that arose were whether
G the appellant had abandoned his exclusive right to the trademark in perpetuity by consenting to the use of his trademark to a company/firm that he was a shareholder/director/partner of even though no benefit derived therefrom; and whether the appellant was guilty of estoppel, acquiescence or laches.

H **Held**, allowing the appeal with costs, setting aside decision of Court of Appeal and reinstating decision of High Court:

(1) The appellant had registered the trademark with the Intellectual Property Corporation of Malaysia (MyIPO) on for liquid fertiliser. Section 36(1)
I of the Trade Marks Act 1976 ('the TMA') provides that in all legal proceeding relating to a registered trademark, the fact that a person is registered as proprietor of the trademark shall be prima facie evidence of the validity of the original registration of the trademark and of all subsequent assignments and transmissions (see para 30).

(2) There was evidence to show that the respondents had successfully established the ingredients under s 37 of the TMA to rebut s 36 of the TMA. The trademark was valid. With the trademark being valid, pursuant to s 35(1) of the TMA, the appellant had the exclusive right to use the same and the right to prevent others, who were no registered users, from using the trademark or any mark similar to it for liquid fertiliser (see para 33).

(3) The appellant had established a prima facie case of infringement of his trademark by the respondents. The respondents used the appellant's trademark and this led to confusion and led purchasers to believe that the respondents' products and the appellant's products were the same and/or associated (see paras 38 & 40).

(4) Under s 40(1)(dd) of the TMA, infringement of the trademark is avoided if the appellant, the registered proprietor of the trademark, at any time expressly or impliedly consented to the use of it by any other person. There was ample evidence to established that the appellant sent out notices to the respondents stating, inter alia, that the appellant was the sole registered proprietor of the trademark and as such, the respondents should refrain from using the trademark with immediate effect in any way or manner in the course of trade which would infringed the appellant's trademark. Furthermore, there was no evidence of assignment registered (see paras 42–43).

(5) There was no evidence to conclude that the appellant abandoned his rights over the trademark, let one in perpetuity. There was ample evidence to establish the opposite. He not only served notices of the withdrawal of consent to the respondents but also renewed the registration of the trademark (see para 53).

[Bahasa Malaysia summary

Perayu memfailkan tuntutan di Mahkamah Tinggi terhadap defendan-defendan bagi pelanggaran dan kelirupaan cap dagangannya untuk satu baja cecair ('cap dagangan'). Menurut responden-responden, cap dagangan tersebut sepatutnya didaftarkan atas nama perayu dan responden pertama dan kemudian dipindahkan kepada responden kedua. Satu perkongsian turut ditubuhkan oleh perayu dan responden pertama, yang juga menggunakan cap dagangan tersebut. Mahkamah Tinggi membenarkan tuntutan perayu dan menolak tuntutan balas responden-responden. Responden-responden merayu ke Mahkamah Rayuan dan rayuan ini dibenarkan. Walau bagaimanapun, keputusan Mahkamah Tinggi diketepikan oleh Mahkamah Rayuan. Oleh itu, rayuan ini difailkan. Isu-isu yang timbul adalah sama ada perayu mengabaikan hak eksklusifnya terhadap cap dagangan untuk selama-lamanya dengan bersetuju dengan penggunaan cap dagangannya oleh syarikat/firma yang dia pernah menjadi pemegang

A saham/pengarah/rakan kongsi tanpa faedah; dan sama ada perayu bersalah atas estopel, persetujuan atau kelengahan.

Diputuskan, membenarkan rayuan dengan kos, mengetepikan keputusan Mahkamah Rayuan dan mengembalikan keputusan Mahkamah Tinggi:

B (1) Perayu telah mendaftarkan cap dagangan tersebut dengan Perbadanan Harta Intelek Malaysia ('MyIPO') bagi baja cecair. Seksyen 36(1) Akta Cap Dagangan 1976 ('Akta') memperuntukkan bahawa dalam kesemua prosiding guaman berkaitan cap dagangan berdaftar, fakta bahawa C seseorang didaftarkan sebagai pemilik cap dagangan menjadi keterangan prima facie sahnya pendaftaran asal cap dagangan tersebut dan semua penyerahakkan dan penyerahan selepas itu (lihat perenggan 30).

(2) Tiada satu pun keterangan yang menunjukkan responden-responden D berjaya membuktikan elemen-elemen s 37 Akta untuk menyangkal s 36 Akta. Cap dagangan tersebut sah. Oleh kerana cap dagangan sah, perayu mempunyai hak eksklusif menggunanya dan berhak menghalang orang lain, yang bukan pengguna yang didaftarkan, untuk menggunakan cap dagangan atau apa-apa cap yang serupa dengannya bagi baja cecair (lihat E perenggan 33).

(3) Perayu berjaya membuktikan kes prima facie pelanggaran cap dagangannya oleh responden-responden. Responden-responden menggunakan cap dagangan. Ini menimbulkan kekeliruan dan F menyebabkan pembeli-pembeli percaya produk-produk responden-responden dan produk-produk perayu adalah serupa dan/atau saling berkaitan (lihat perenggan 38 & 40).

(4) Di bawah s 40(1)(dd) Akta, pelanggaran cap dagangan dielakkan jika perayu, sebagai pemilik berdaftar cap dagangan, pada bila-bila masa G membenarkan secara jelas atau tersirat, penggunaannya oleh mana-mana orang lain. Terdapat banyak keterangan yang membuktikan perayu menghantar notis-notis kepada responden-responden, menyatakan, antara lain, bahawa perayu adalah satu-satunya pemilik berdaftar cap dagangan tersebut dan dengan itu, responden-responden mestilah H mengelakkan daripada menggunakan cap dagangan tersebut serta-merta dalam apa-apa juga cara, dalam penjalanan perdagangan yang mungkin melanggar cap dagangan perayu. Tambahan lagi, tiada keterangan yang menunjukkan penyerahakkan didaftarkan (lihat perenggan 42–43).

I (5) Tiada bukti untuk menyimpulkan bahawa perayu mengabaikan hak-haknya atas cap dagangan buat selama-lamanya. Terdapat banyak keterangan yang menyokong sebaliknya. Dia bukan sahaja menyerahkan notis-notis penarikan kebenaran kepada responden-responden tetapi juga telah membaharui pendaftaran cap dagangan (lihat perenggan 53).]

Notes

For cases on infringement of trademark in general, see 12(2) *Mallal's Digest* (5th Ed, 2017 Reissue) paras 2749–2849.

Cases referred to

Alfred Templeton & Ors v Low Yat Holdings Sdn Bhd & Anor [1989] 2 MLJ 202, HC (refd)

Boh Plantations Sdn Bhd v Gui Nee Chuan & Ors [1975] 2 MLJ 213, FC (refd)

Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors [1988] 1 MLJ 188; [1989] 1 CLJ 919; [1989] 1 CLJ Rep 537 (refd)

Hu Kim Ai (trading as Geneve Timepiece) & Anor v Liew Yew Thoong (trading as Crystal Hour) [2004] 7 MLJ 590; [2004] 5 CLJ 515; [2005] 6 AMR 363, HC (refd)

Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd [2009] 5 MLJ 703; [2012] 10 CLJ 507; [2009] 1 LNS 548, HC (refd)

Protor v Bennis (1888) 36 Ch D 740, CA (refd)

Willmont v Barber (1880) 15 Ch D 96, Ch D (refd)

Legislation referred to

Trade Marks Act 1976 ss 14, 35, 35(1), 36, 36(1), 37, 38, 38(1), 40, 40(1)(a), (1)(dd), 41(1), 45, 47, 55

Appeal from: Civil Appeal No K-02(NCVC)(W)-426–03 of 2015 (Court of Appeal, Putrajaya)

TC Lim (Karin Lin Ai Ching and A Suppiah with him) (TC Lim & Co) for the appellant.

Sean Teh Weng Kim (Lawrence Boudville with him) (Sim & Sean) for the respondents.

Suriyadi FCJ (delivering judgment of the court):

[1] The plaintiff, ('the appellant'), filed a claim at the High Court at Alor Setar against the defendants ('the respondents') for infringement of his 'Reynox' registered trademark ('the trademark') and for passing off. Reynox was the trademark name for liquid fertiliser.

[2] The first respondent is the brother of the appellant.

[3] In their defence the respondents alleged that the registration of the trademark for liquid fertiliser had been obtained by the appellant by fraud committed on the first respondent. The respondents alleged that the trademark was to be registered in the name of the appellant and the first respondent

initially, and thereafter to be transferred to the second respondent.

[4] The second respondent was formed to take over the production, business, sale and distribution of the abovementioned Reynox liquid fertiliser, with the appellant and the first respondent each owning equal share in the second respondent. The appellant was also a director in the second respondent.

[5] In short, it was a family business, to trade in the Reynox liquid fertiliser business acquired from RH One Marketing earlier by the appellant and the first respondent.

[6] A partnership (partnership firm) was also formed by the appellant and the first respondent, which also used the trademark. Since the question before us relates to the second respondent only, the answer to the leave question will only be confined to the second respondent (see para 13).

[7] By way of a counterclaim, the respondents alleged that the action by the appellant in registering the Reynox trademark in his sole name had been done mala fide and by deception, and as such the appellant's right to register the said trademark was disputed. The first respondent's counterclaim against the appellant was for a declaration that the appellant was not entitled to the trademark in his own name.

[8] After a full trial, the High Court allowed the appellant's claim and dismissed the respondents' counterclaim, with costs of RM20,000. In gist, the High Court held that the trademark 'Reynox' had been registered in the name of the appellant and was the registered owner of the trademark. He thus had the exclusive right pursuant to s 35(1) of the Trade Marks Act 1976 ('the TMA 1976') to use the trademark.

[9] The High Court decided that the appellant had successfully established all the elements under s 38 of the TMA 1976, and that the respondents had infringed the trademark.

[10] The High Court also held that the respondents could not rely on s 40(1)(a) of the TMA 1976 as it was not pleaded in their defence. This subsection promulgates the use of the trademark in good faith by a person in his own name, in order to avoid an infringement of the trademark under s 38(1) of the TMA 1976.

[11] Being dissatisfied with the decision of the High Court, the respondents filed a notice of appeal to the Court of Appeal. On 23 April 2015 the Court of Appeal allowed the respondents' appeal and set aside the whole decision of the

High Court. The Court of Appeal held the view that the trademark had been used by the respondents with the consent and approval of the appellant.

[12] Further, the Court of Appeal opined that the conduct of the appellant was not only unjust and inequitable, but also oppressive when the appellant took upon himself to terminate the use of the trademark without reasonable notice. The conduct of the appellant would have caused immediate loss and damage to the second respondent, which was an active trading company. The Court of Appeal therefore refused to entertain such inequitable and oppressive conduct of the appellant.

[13] Dissatisfied with the decision of the Court of Appeal, the appellant successfully applied for leave before us on 6 February 2017, on the following question of law:

> Whether by giving his consent to the use of his registered trademark to a company or a firm he is still a shareholder/director of the company or a partner of the partnership firm, can he be considered as having abandoned his exclusive right to the trademark in perpetuity even if he does not derive any benefit therefrom (and has withdrawn from the company) and also be said to be guilty of estoppel, acquiescence or laches.

[14] The above leave question relates to the issue of whether the appellant has abandoned his exclusive right to the trademark in perpetuity, by giving his consent to the use of his registered trademark to a company or a firm, when he was still a shareholder/director of the company or a partner of the partnership firm, even though not deriving any benefit therefrom (and withdrew subsequently from the company), and whether he could be said to be guilty of estoppel, acquiescence or laches in the circumstances of the case.

[15] As the issue of passing off is not part of the leave question, we have consciously avoided commenting on it. We also have not touched on the effect of the leave question on the partnership firm as it is not a party to this proceedings.

[16] A scrutiny of the notice of appeal to the Federal Court filed by the appellant shows that it was an appeal against the partial decision of the Court of Appeal for having reversed the High Court's decision in respect of the appellant's claim. However, the dismissal of the counterclaim by the High Court was upheld.

THE APPELLANT'S SUBMISSION

[17] The appellant submitted that he is the sole registered proprietor of the trademark since 13 May 2005, and had not committed any fraud in registering the trademark in his name, as the business of liquid fertiliser under the trademark was started by him.

[18] He also submitted that he never assigned his trademark to the second respondent ie Reynox Sdn Bhd, any entity or to anyone, at all material times. There was certainly no express assignment and no exclusive license granted to the respondents in using the trademark. He argued that although he had allowed the trademark to be used by the second respondent, he did not assign the trademark to be used in perpetuity.

[19] As the registered proprietor of the trademark, he was entitled to withdraw the consent given to the second respondent to use his trademark for a product under the same class. After the appellant withdrew from the second respondent, the respondents were thus disentitled to use the trademark, in light of the consent or license to use it having been terminated by a notice of withdrawal dated 20 December 2012.

[20] Learned counsel for the appellant contended that prior to the setting up of the second respondent, the trademark was used exclusively by the appellant and was only allowed to be used by the first respondent after he was brought in as a shareholder into the second respondent. Regardless of the concession by the appellant, he still enjoyed his exclusive right to the trademark as the registered owner under s 35 of the TMA 1976.

[21] The appellant submitted that he never abandoned his rights over the trademark. The fact that the first respondent was attempting to register the appellant's trademark demonstrated that the appellant had not abandoned his rights. His consistent conduct could not in any way amount to abandonment, acquiescence or laches.

[22] The appellant also submitted that the first respondent did not come to court with clean hands and had acted in bad faith. He ventilated that the High Court was right in holding that the first respondent did not fall within the exceptions under s 40 of the TMA 1976 as he was not an innocent party. He knew that the trademark belonged to the appellant but yet attempted to misappropriate and register it in his own name. The unclean hands of the first respondent was compounded when he used the second respondent to make a fourth application dated 6 March 2013 to register the trademark.

THE RESPONDENTS' SUBMISSION

[23] In reply, learned counsel for the respondents argued that the appellant had compromised the exclusive use of the trademark when he allowed the respondents to use it without any restriction. Further, no evidence was presented in court by the appellant to demonstrate that he had imposed any conditions on the use of the trademark.

[24] Apart from the issue of consent, the respondents' basis for the challenge of the trademark was co-ownership of the trademark. The first respondent argued that at all times, he was under the mistaken belief that the trademark was registered under the names of both the appellant and himself. It was the contention of the respondents that the appellant surreptitiously registered the trademark in his name on 13 May 2005 but yet informed the first respondent that it was registered in both their names.

[25] In the course of the appeal, the respondents argued that in light of the appellant's actions and conduct (in not enforcing the exclusive right over the trademark since 2005) showed that he had waived his rights over the use of the trademark. The appellant was thus precluded from exercising his legal rights over the trademark due to his abandonment of his rights, let alone subject to the doctrine of estoppel, acquiescence and laches.

[26] The respondents rested their case on the submission that, as assignees of the trademark, they had the right to use and freely carry on the business of liquid fertiliser carrying the trademark. The appellant thus had failed to maintain his action against them for infringement of the trademark.

OUR DECISION

[27] Generally, the burden of proof in a trademark infringement case lies with the plaintiff (in this case the appellant). He has to establish by a preponderance of evidence that he owns a valid registered trademark (there can be no infringement if the appellant owns an invalid trademark), and the defendant (in this appeal the respondents) has used the plaintiff's trademark in the course of trade without consent. That unlawful usage of the trademark owned by the plaintiff (appellant) has caused deception or confusion among the prospective customers (*Boh Plantations Sdn Bhd v Gui Nee Chuan & Ors* [1975] 2 MLJ 213). In the latter case of *Boh Plantations* Gill CJ had occasion to state:

> In an action for infringement the plaintiff complains that the defendant has infringed his trademark by taking in its entirety, or by taking a substantial portion of it, or by colourably imitating it, and he relies on his statutory title to the exclusive use of the mark in question for goods of a specified kind.

[28] In the current appeal the respondents have taken the trademark in its entirety and carrying on trade using that trademark.

[29] We now touch in detail the evidence and law pertaining to this appeal. It is not disputed that the appellant had registered the 'Reynox' trademark with the Intellectual Property Corporation of Malaysia (MyIPO), on 13 May 2005. The registration was for liquid fertiliser under class 1 in respect of chemicals used in agriculture, and was for a period of ten years ie from 13 May 2005–13 May 2015. The appellant then renewed it until 13 May 2025 pursuant to s 41(1) of the TMA 1976. This provision provides for the renewal of registration of that trademark for a period of ten years from the date of expiration of the original registration, or of the last renewal date of registration, as the case may be.

[30] Section 36(1) of the TMA 1976 provides that in all legal proceedings relating to a registered trademark (including applications under s 45) the fact that a person is registered as proprietor of the trademark shall be prima facie evidence of the validity of the original registration of the trademark and of all subsequent assignments and transmissions thereof. In other words, the registration of the trademark by the appellant on 13 May 2005 is prima facie evidence of its validity.

[31] Under s 37 of the TMA 1976, to rebut the conclusiveness of the registration as promulgated under s 36, the respondents need to show that:

(a) the original registration was obtained by fraud;

(b) the trademark offends against s 14; or

(c) the trademark was not, at the commencement of the proceedings, distinctive of the goods or services of the registered proprietor.

[32] On the facts before us, there is not an iota of evidence to show that the respondents have been successful in establishing the ingredients of s 37 of the TMA 1976 to rebut s 36 of the TMA 1976. Therefore the registration of the trademark is valid.

[33] With the trademark being valid, pursuant to s 35(1) of the TMA 1976, the appellant has the exclusive right to use the 'Reynox' trademark, and also the right to prevent other persons (not being registered users) from using the trademark or any mark similar to it for liquid fertiliser used in agriculture.

[34] Section 35(1) of the TMA 1976 reads as follows:

35 Rights given by registration

(1) Subject to the provisions of this Act, the registration of a person as registered proprietor of a trademark (other than a certification trademark) in respect of any goods or services shall, if valid, give or be deemed to have been given to that person the exclusive right to the use of the trademark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register.

[35] To successfully establish an action for infringement of trademark, the appellant needs to establish that the respondents have infringed s 38 of the TMA 1976. As an initial observation, we hold the view that s 38 of the TMA 1976 is a general provision relating to a registered trademark. It sets out the meaning of an infringement of trademark and the circumstances when the infringement has taken place.

[36] Section 38 reads as follows:

38 Infringement of a trademark

(1) A registered trademark is infringed by a person who, not being the registered proprietor of the trademark or registered user of the trademark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trademark is registered in such a manner as to render the use of the mark likely to be taken either —

(a) as being use as a trademark;

(b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trademark or to goods with which the person is connected in the course of trade; or

(c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trademark or to services with the provision of which the person is connected in the course of trade.

[37] Under s 38 of the TMA 1976 the appellant needs to establish the following ingredients, inter alia:

(a) the respondent used a mark identical with or so nearly resembling the trademark as is likely to deceive or cause confusion;

(b) the respondent is not the registered proprietor or the registered user of the trademark;

(c) the respondent was using the offending trademark in the course of trade;

(d) the respondent was using the offending trademark in relation to goods or services within the scope of the registration; and

(e) the respondent used the offending mark in such a manner as to render the use likely to be taken either as being use as a trademark or as importing a reference to the registered proprietor or the registered user or to their goods or services.

(See *Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors* [1988] 1 MLJ 188; [1989] 1 CLJ 919; [1989] 1 CLJ Rep 537 and *Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd* [2009] 5 MLJ 703; [2012] 10 CLJ 507; [2009] 1 LNS 548).

[38] The evidence reveals that the respondents did use the appellant's trademark on notice boards, brochures, receipts and business cards, with the dressing and get up of the respondents' fertiliser being similar to the appellant's liquid fertiliser bearing the trademark. This has led to confusion, and leading to purchasers to believe that the respondents' products and the appellant's products are the same and/or associated despite the want of business relationship between them, after the appellant and the respondents had split up.

[39] In dealing with s 38 of the TMA 1976, Zulkefli Ahmad Makinudin J (as he then was) in *Hu Kim Ai (trading as Geneve Timepiece) & Anor v Liew Yew Thoong (trading as Crystal Hour)* [2004] 7 MLJ 590; [2004] 5 CLJ 515; [2005] 6 AMR 363 held, inter alia:

> In using the 'Five Stars Device' trademark, the defendant used a trademark, which was identical in every sense with the plaintiff's registered trademark with the exception of the word 'Blansacar'. The defendant copied the exact stylised design of the plaintiffs' trademark, the arrangement of the five stars and the position of the 'Five Stars Device'. The evidence adduced further shows that there was actual confusion caused by the defendant's offending watches as it so nearly resembles the plaintiffs' registered trademark and as both watches were also referred by the same Chinese characters 'Wu Xing Shang Jiang', it would be difficult for buyers who do not understand English to differentiate between the two watches. It was also not disputed that the plaintiff's registered trademark and the defendant's trademark were both applied to and used on watches. *On the evidence, the defendant had therefore infringed the plaintiffs' registered trademark as the elements for infringement of trademark laid down in* s 38 *of the Act had been fulfilled.* (Emphasis applied.)
>
> (See also *Yomeishu Seizo Co Ltd & Ors v Sinma Medical Products (M) Sdn Bhd* [1996] 2 MLJ 334; [1996] 2 BLJ 142; [1996] 3 AMR 3058; *Aristoc Ltd v Rysta Ltd & Anor* [1945] AC 68; (1945) 62 RPC 65).

[40] In view of the evidential finding, we are satisfied that the appellant has established a prima facie case of infringement of his trademark by the respondents.

[41] The substantive defence of the respondents is that the appellant had consented to the use of the trademark by the respondents. For this defence, the respondents relied on s 40 of the TMA 1976, a statutory exception to s 38(1) of the TMA 1976. Section 40 of the TMA 1976 reads as follows:

40 Acts not constituting infringement

(1) Notwithstanding anything contained in this Act, the following acts do not constitute an infringement of a trademark —

(a) the use in good faith by a person of his own name or the name of his place of business or the name of the place of business of any of his predecessors in business;

(b) the use in good faith by a person of a description of the character or quality of his goods or services, and in the case of goods not being a description that would be likely to be taken as importing any reference as is mentioned in paragraph 38(1)(b) or paragraph 56(3)(b);

(c) the use by a person of a trademark in relation to goods or services in respect of which he has by himself or his predecessors in business, continuously used the trademark from a date before —

(i) the use of the registered trademark by the registered proprietor, by his predecessors in business or by a registered user of the trademark; or

(ii) the registration of the trademark, whichever is the earlier;

(d) in relation to goods connected in the course of trade with the registered proprietor or a registered user of the trademark if, as to those goods or a bulk of which they form part, the registered proprietor or the registered user in conforming to the permitted use has applied the trademark and has not subsequently removed or obliterated it or has at any time expressly or impliedly consented to the use of the trademark;

(dd) the use by a person of a trademark in relation to goods or services to which the registered proprietor or registered user has at any time expressly or impliedly consented to;

(e) the use of the trademark by a person in relation to goods or services adapted to form part of, or to be accessory to, other goods or services in relation to which the trademark has been used without infringement of the right given or might for the time being be so used, if the use of the trademark is reasonably necessary in order to

A indicate that the goods or services are so adapted and neither the purpose nor the effect of the use of trademark is to indicate otherwise than in accordance with the facts a connection in the course of trade between any person and the goods or services; and

B (f) the use of a trademark, which is one of two or more registered trademarks which are substantially identical, in exercise of the right to the use of that trademark given by registration as provided by this Act.

C **[42]** Under s 40(1)(dd) of the TMA 1976, infringement of the trademark is avoided if the appellant, being the registered proprietor of the trademark, at any time expressly or impliedly consents to the use of it by any other person.

D **[43]** There is ample evidence to establish that the appellant had instructed his solicitors to send out notices dated 20 December 2012 to the first respondent and to the second respondent respectively stating, inter alia, that the appellant was the sole registered proprietor of the trademark, and as such the respondents and their servants and/or agents should refrain from using the trademark with immediate effect in any way or manner in the course of trade E which would infringe the appellant's trademark.

[44] The evidence reveals that despite the receipt of the said notices, the respondents produced, sold and supplied products which were similar to the appellant's products under the trademark. The respondents argued that the F consent continued on and still existed despite the withdrawal of the consent by the appellant vide the abovementioned notices of 20 December 2012. That consent to use the trademark was by way of an assignment or license given to the second respondent when the appellant was still with it.

G **[45]** There is no doubt that consent was given by the appellant when he still was the shareholder and director of the second respondent. The next relevant question is whether the consent was still valid after his resignation from the second respondent, particularly after the withdrawal of the consent through the notices dated 20 December 2012. As stated above the respondents argued H that the consent persists due to an assignment granted by the appellant to the respondents.

[46] *Black's Law Dictionary (edited by Bryana A Garner, Deluxe 9th Ed*) states I that *'consent* means 'Agreement, approval, or permission as to some act or purpose, esp given voluntarily by a competent person; legally effective assent'. *'Express consent'* means 'Consent that is clearly and unmistakably stated' whereas *'Implied consent'* means 'Consent inferred from one's conduct rather than from one's direct expression'. Without the need of an exhaustive and laborious research, consent entails permission given by a competent person. In

this case, as given by the appellant who has a valid trademark. A

[47] Going by *Black*'s definitions, once that consent is withdrawn the legally effective assent ends. Therefore the question posed in para 44 must be answered in the negative ie after withdrawing from the second respondent, and after the notices were issued. B

[48] It is trite law that the appellant being the proprietor of the trademark can assign his trademark to an assignee by way of registration pursuant to s 47 of the TMA 1976. Section 47 of the TMA 1976 reads as: C

> 47 Registration of assignment
>
> (1) Where a person becomes entitled by assignment or transmission to a registered trademark he shall make application to the Registrar to register his title and the Registrar shall, on receipt of the application and proof of title to his satisfaction, register that person as the proprietor of the trademark in respect of the goods or services in respect of which the assignment or transmission has effect and cause particulars of the assignment or transmission to be entered in the Register ... D

[49] The respondents advanced the argument of an assignment pursuant to s 55 of the TMA 1976, which permits a registered trademark to be assigned with or without goodwill of the business concerned in the goods or services in respect of which the trade is registered. So, did the appellant assign the trademark to the respondents? E F

[50] Section 47 of the TMA 1976, which establishes proprietorship over the trademark to the assignee pursuant to an assignment by the original registered owner, has an evidential value. For purposes of this appeal, unless an entry has been made by the registrar, no document or instrument to prove title of the assigned trademark shall be admissible in court (unless the court otherwise directs). That valid assignment will entitle the assignee to exercise the trademark rights, being the recorded owner within the meaning of s 47 of the TMA 1976, and binds third parties to his assigned rights. In this case, there is no evidence of the alleged assignment being registered. Without any evidence to prove that the consent given by the appellant was indeed an assignment, and with there being want of proof of such assignment, we hold the view that the appellant never assigned the trademark to the respondents. In short the argument of consent having been given by the appellant must fail (see also the conclusion in para 46). G H I

A THE DOCTRINE OF ABANDONMENT, ACQUIESCENCE, ESTOPPEL AND LACHES

[51] For completeness sake we now discuss briefly issues of the doctrine of abandonment, acquiescence, estoppel and laches as submitted by the respondents.

[52] Let us start with what Narayanan in *Law of Trademarks and Passing Off* in para 24.74 authored:

> To 'abandon' means to give up absolutely and irrevocably. Although a long period of no-use might indicate an intention to abandon, non-use alone is not enough. There must be other factors involved before such conclusion can be arrived at as for example the liquidation of the company which owns the mark or a declared intention not to resume user ... The question of abandonment is one of intention to be inferred from the facts of the particular case. No particular length of time is necessary for abandonment.

[53] Having sifted the evidence we are unable to find any evidence to conclude that the appellant has abandoned his rights over the trademark, let alone in perpetuity. In fact we found ample evidence to establish the opposite. He not only has served notices of the withdrawal of consent to the respondents, but also renewed the registration of the trademark until 13 May 2025.

[54] As reflected by the leave question, the respondents have collectively contended that the appellant is guilty of estoppel, acquiescence and laches in the circumstances of the case. For starters, the respondents argued that the appellant is estopped from preventing the respondents from continuing to do business under the trademark and that the appellant's action and conduct since 2005 show that he had waived his rights to enforce the use of the trademark. As regards the doctrine of acquiescence, the respondents instead of identifying evidence that could establish its applicability, had merely highlighted cases that propounded this doctrine. Suffice to say that, for purposes of this appeal, this doctrine is founded upon the conduct of the appellant, who being the registered owner of the trademark, had knowingly remained silent and not raising any objection to the infringement of his trademark by the respondents, eventually leading to the detriment of the respondents (*Protor v Bennis* (1888) 36 Ch D 740; *Willmont v Barber* (1880) 15 Ch D 96).

[55] On the issue of laches, the respondents blamed the appellant for not enforcing his right, despite being the registered owner of the trademark. The delay caused losses to the respondents. In support of its their case, the respondents brought the case of *Alfred Templeton & Ors v Low Yat Holdings Sdn Bhd & Anor* [1989] 2 MLJ 202 to our attention where it was held that:

Laches is an equitable defence implying lapse of time and delay in prosecuting a claim. A court of equity refuses its aid to a stale demand where the plaintiff has slept upon his rights and acquiesced for a great length of time. He is then said to be barred by laches. In determining whether there has been such a delay as to amount to laches the court considers whether there has been acquiescence on the plaintiff's part and any change of position that has occurred on the part of the defendant. The doctrine of laches rests on the consideration that is unjust to give a plaintiff a remedy where he has by his conduct done that which might fairly be regarded as equivalent to a waiver of it or where by his conduct and neglect he has, though not waiving the remedy, put the other party in a position in which it would not be reasonable to place him if the remedy were afterwards to be asserted.

[56] On the totality of the evidence, as the respondents have failed to establish consent on the part of the appellant, an integral ingredient leading to a successful establishment of the doctrine of estoppel, acquiescence and laches, we therefore have no hesitation in ruling that they have also failed to establish their defences under these doctrines.

[57] We instead find that the respondents are the unauthorised users of the trademark, after the appellant had retracted his consent especially after exiting from the second respondent.

CONCLUSION

[58] On the above reasons we are satisfied that the appellant has exclusivity over the trademark as it was registered under his name only. There was no dispute that consent was granted to the second respondent to distribute the liquid fertiliser under the trademark when the appellant was still a shareholder/director of this company but withdrew that consent after he left the second respondent.

[59] In light of the clear provisions of the TMA 1976, where the protection given to the appellant as the registered owner of the trademark are clearly spelt out, and as consent was never given by him to the respondents after leaving the second respondent (and any assignment was never established), let alone the collective exceptions to the infringement in the TMA 1976, the principles of abandonment, estoppel, acquiescence and laches were never proved, the position of the respondents was therefore untenable.

[60] In the circumstances of the case we allow the appellant's appeal with costs. On the premise that consent was never given by the appellant the leave question posed is answered in the negative.

[61] We therefore set aside the decision of the Court of Appeal and reinstate the decision of the High Court.

A *Appeal allowed; Court of Appeal's decision set aside; High Court's decision reinstated..*

Reported by Afiq Mohamad Noor

B

C

D

E

F

G

H

I